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Robert Lenhard

Covington & Burling LLP
One CityCenter
850 Tenth Street, NW
Washington, DC 20001-4956
T +1 202 662 5940
rlenhard@cov.com

Via Email & Hand Delivery

September 6, 2016

Ms. Ana Peña-Wallace, Esq.
Federal Election Commission
Office of General Counsel
999 E Street, N.W.
Washington, D.C. 20463

OFFICE OF GENERAL
COUNSEL

2016 SEP -8 AM 9:14

RECEIVED
FEDERAL ELECTION
COMMISSION

Re: Matter Under Review 6848

Dear Ms. Peña-Wallace:

We write on behalf of our clients, Mr. George Demos, Friends of George Demos, Mr. Robert Cole in his official capacity as treasurer, Mr. Angelo Tsakopoulos, and AKT Development Corporation ("AKT") in response to the Commission's "reason to believe" letters dated June 30, 2016.

The Factual and Legal Analyses ("FLA") attached to your letters states that there are two factual issues that were not fully resolved in the initial Complaint and Responses: first, whether Mr. Demos' wife received any funds from Mr. Angelo Tsakopoulos during the campaign period, see Demos FLA at 5, 8; and second, whether Mr. Demos has an alternative version of what happened at the December 14, 2013, meeting with Complainant, see *id.*

As an initial matter, we were surprised to see that the Commission voted to find reason to believe a violation occurred primarily based on questions about these two items, particularly because the first factual issue was not raised in the Complaint and the second was an election-eve broadside at conflict with the sworn statement of Mr. Demos attached to our initial response. In any event, we appreciate the opportunity you offered in your June 30 letter to submit additional materials relevant to this matter. In the discussion below, we provide additional information on these two points. These responses continue to demonstrate that this Complaint is lacking in foundation and the Commission should find no reason to believe a violation has occurred and close the file in this matter.

I. Angelo Tsakopoulos Did Not Give Funds to Chrysanthy Demos During the Campaign Period

As we stated in our initial Response, the funds Mr. Demos loaned to Friends of George Demos were from assets he owned jointly with his wife, Chrysanthy Demos prior to becoming a candidate. See Aug. 25, 2014, Response at 5; Aug. 25, 2014 Decl. of George Demos ¶ 6. Specifically, in response to the questions first raised in the Factual and Legal Analysis, none of

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the funds used to make these loans were provided to Mrs. Demos by her father or AKT during the campaign period. *See*, Factual and Legal Analysis, at p. 5: 13-14; p. 6:2-3 and p. 8:13-14; Decl. of Chrysanthy Demos ¶ 2 (Exh. 1); Second Decl. of Angelo Tsakopoulos ¶¶ 3, 5 (Exh. 2). Furthermore, Mrs. Demos does not recall receiving any funds for any purpose from her father while her husband was a candidate. Though it is possible that she received small gifts from her father—as is customary between family members on special occasions—Mrs. Demos does not recall receiving even these sorts of incidental gifts during the campaign period. Decl. of Chrysanthy Demos ¶ 3 (Exh. 1). The funds in the joint account from which all of the loans were made did not derive from a gift, loan, or donation from Mr. Tsakopoulos or AKT to either Mr. Demos or his wife. *See* Aug. 25, 2014 Decl. of George Demos ¶ 6; Second Decl. of George Demos ¶ 5 (Exh. 3); Decl. of Chrysanthy Demos ¶ 2 (Exh. 1); Second Decl. of Angelo Tsakopoulos ¶¶ 3, 5 (Exh. 2). As the Commission itself notes, the Demos family's financial disclosure form reflects that the family had substantial assets of its own. To answer directly the concerns in the Factual and Legal Analysis regarding the source of the funds used to make the loans, neither Mr. Demos nor his wife received any of these funds from Mr. Tsakopoulos or AKT during the campaign period. Second Decl. of George Demos ¶ 5 (Exh. 3); Decl. of Chrysanthy Demos ¶ 2 (Exh. 1); Second Decl. of Angelo Tsakopoulos ¶¶ 3, 5 (Exh. 2).

This additional information demonstrates that all of the loans Mr. Demos made to Friends of George Demos during the campaign period were made using funds that were available to him in a joint bank account before he declared his candidacy. This should disprove the unfounded claims that these loans were made by Mr. Tsakopoulos, either directly to Friends of George Demos or indirectly through Mr. Demos or his wife, or that they were derived from gifts or donations from Mr. Angelo Tsakopoulos to Mr. Demos or his wife.

II. Mr. Garcia's Description of the December 14, 2013, Meeting Simply Perpetuated a False Narrative He Had Publicly Promoted in the Past and Which Mr. Demos Has Repeatedly and Conclusively Denied

The Factual and Legal Analysis reaches its conclusion, in part, because there is not an alternative account of the December 14, 2013, meeting with Mr. Garcia provided by Mr. Demos. An alternative account shows that Mr. Garcia's statements about the meeting were politically motivated, contradicted by the facts, and were a continuation of similar unfounded comments he had made in the past.

Mr. Demos recalls requesting the meeting with Mr. Garcia to solicit his support in the upcoming primary election. *See* Second Decl. of George Demos ¶ 4 (Exh. 3). During the meeting, Mr. Demos sought to convince Mr. Garcia that he was a serious candidate, capable of winning the seat and willing to spend the \$1 million that he had already loaned to his campaign and perhaps more. *See id.* ¶ 7. He also argued that his opponent in the primary put the party's majority in the State Senate at risk by running for a House seat. *See id.* Mr. Demos recalls it as a difficult meeting, for Mr. Garcia had opposed his candidacy, before, during and after the meeting. Mr. Demos made clear to Mr. Garcia in the meeting that despite the opposition of some within the party structure, he would not back out of the race. *See id.* ¶¶ 7, 9.

Mr. Demos recalls discussing the strength of his candidacy during the meeting, and in that context, Mr. Demos recalls mentioning Mr. Tsakopoulos and how he was supportive of Mr.

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Demos's candidacy. *See id.* ¶ 8. Mr. Demos did not, however, state that Mr. Tsakopoulos would provide the funds necessary to make contributions or loans to his campaign. *See id.*

Mr. Garcia had been using Mr. Demos' relationship with his father-in-law to attack Mr. Demos publicly before the meeting, including the charge that Mr. Demos' campaign would be funded by Mr. Tsakopoulos. Mr. Garcia is described in an article published before the December 14 meeting painting Mr. Demos as not having the interests of the District's voters at heart, and claiming Mr. Demos' campaign was funded by "his wife's father, who is a top fundraiser for House Minority Leader Nancy Pelosi and Hillary Clinton's top west coast fundraiser."¹ Consequently, Mr. Garcia derived his inaccurate information about Mr. Tsakopoulos' role prior to his meeting with Mr. Demos. Mr. Demos has sworn that he did not say that Mr. Tsakopoulos would provide the funds for contributions or loans to his campaign. The unsupported speculation that Mr. Garcia is seen promoting in this pre-meeting article is the same unsupported speculation that he used to file the Complaint in this matter.

Mr. Garcia's description of what was said during the December 14 meeting is not accurate. More importantly, even if Mr. Garcia was correct that this is what Mr. Demos *said*, it is not what Mr. Demos and Mr. Tsakopoulos *did*, as reflected in their sworn affidavits. Mr. Garcia's claims were politically motivated and contradicted by the fact that these loans derived from funds Mr. Demos held prior to becoming a candidate.

III. Conclusion

Mr. Demos, Mrs. Demos, and Mr. Tsakopoulos have all sworn that Mr. Tsakopoulos and AKT did not provide Mr. Demos or Friends of George Demos with funds beyond the two previously reported \$2,600 contributions from Mr. Tsakopoulos during the period of Mr. Demos' candidacy, either directly through Mr. Demos or indirectly through Mrs. Demos. Further, Mr. Demos has sworn that all of the funds he loaned this campaign were personal funds held in a joint account with this wife prior to becoming a candidate. Put simply, there is no basis to support Mr. Garcia's allegation that Mr. Tsakopoulos gave Mr. Demos the funds he loaned to his campaign.

¹ *1st C.D.: B'khaven GOP chair urges Demos to give up*, *NEWSDAY*, Dec. 2, 2013, available at <http://www.newsday.com/long-island/politics/spin-cycle/1st-c-d-b-khaven-gop-chair-urges-demos-to-give-up-1.6529102> (Exh. 4).

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For all of the foregoing reasons, we respectfully request that the Commission find no reason to believe a violation occurred and close the file in this matter.

Respectfully submitted,



Robert D. Lenhard
Derek Lawlor
COVINGTON & BURLING LLP
One CityCenter
850 Tenth Street, NW
Washington, DC 20001-4956
(202) 662-5940 (telephone)
(202) 778-5940 (facsimile)
rlenhard@cov.com
dlawlor@cov.com

*Attorneys for Mr. George
Demos, Friends of George
Demos, Mr. Robert Cole, Mr.
Angelo Tsakopoulos, and AKT
Development Corporation*

1000445104-10

BEFORE THE FEDERAL ELECTION COMMISSION

In re MUR 6848

DECLARATION OF CHRYSANTHY DEMOS

1. My name is Chrysanthy Demos. This declaration is made upon my personal knowledge and belief.
2. All of the funds George Demos used to make loans to his campaign came from assets that were in our joint account prior to him becoming a candidate, and none derived from a contribution, gift, or loan from my father, Angelo Tsakopoulos, or AKT Development Corporation during the period of my husband's candidacy in 2013 and 2014.
3. Nor do I recall receiving funds from my father during the campaign period for any other purpose. It is possible that I received some small gifts from my father—similar to what is common for family members to give on special occasions—but I do not recall receiving any such gifts and if I had, they would have been completely unrelated to my husband's campaign or any funds used for that campaign.

I declare under penalty of perjury that the foregoing is true and correct.



Chrysanthy Demos

Date: September 1, 2014

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In re MUR 6848

DECLARATION OF ANGELO TSAKOPOULOS

1. My name is Angelo Tsakopoulos. I am the Chairman of AKT

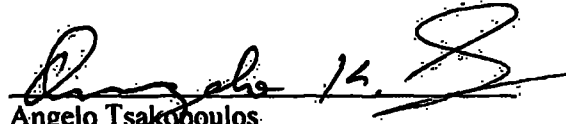
2. On December 30, 2013, I contributed \$2,600 to Friends of George Demos

3. I made no additional contributions to Friends of George Demos, nor did I

4. Nor do I recall providing any funds to George Demos or Chrysanthy

5. AKT Development Corporation did not make a gift, loan or donation to

I declare under penalty of perjury that the foregoing is true and correct.


Angelo Tsakopoulos

Date: Sept - 5 - 2016

BEFORE THE FEDERAL ELECTION COMMISSION

In re MUR 6848

DECLARATION OF GEORGE DEMOS

1. My name is George Demos. This declaration is made upon my personal knowledge and belief.
2. I am married to Chrysanthy Demos, the daughter of Mr. Angelo Tsakopoulos. Mr. Tsakopoulos is also a named respondent in this matter.
3. I was a candidate for the office of the United States House of Representatives from the 1st congressional district of New York in 2013 and 2104.
4. All sums that I loaned Friends of George Demos came from assets I owned with my wife before declaring myself a candidate.
5. The funds were not contributions, gifts, loans or donations by Mr. Angelo Tsakopoulos to me or my wife.
6. On December 14, 2013, I met with Mr. Jesus A. Garcia, then the Chairman of the Brookhaven Republican Committee to discuss my candidacy for the House of Representatives and to solicit his support.
7. I understood Mr. Garcia opposed my candidacy and I recall trying to convince him that I was capable of winning the seat and that I had already loaned my campaign \$1 million and might contribute more. I also recall arguing that my opponent was putting the Republican Party's majority in the State Senate at risk by running for a House seat.

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George Demos

Date:

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December 2, 2013

BLOG: Spin Cycle: 1st C.D.: B'khaven GOP chair urges Demos to give up

Dec. 02--Jesse Garcia, Brookhaven Republican chairman, reacted to GOP congressional hopeful George Demos' new cable TV ads, calling Demos a "two-time loser" who should "drop his quixotic third bid for this seat."

"It's simply wrong and a mistake for George Demos to run for congress...for a third time," said Garcia. Local and state GOP officials have lined up behind State Sen. Lee Zeldin, who is looking to make a second run for Congress against Democratic Rep. Tim Bishop (D-Southampton).

Garcia said that Demos' \$1 million in campaign funds come from his wife's father, who is a top fundraiser for House Minority Leader Nancy Pelosi and Hillary Clinton's top West Coast fundraiser. He also attacked Demos' record as an Security and Exchange Commission lawyer and questioned his residency in the district.

Kevin Tschirhart, Demos' campaign manager, did not respond specifically to any of Garcia's attacks, but said: "The establishment is up to their old games. Year after year, they pick a person from their clubhouse to stand and lose."

He also noted the late President Ronald Reagan, a GOP icon, lost several times before winning, noting "it's ideas and ideals that ultimately matter. Ronald Reagan took on the establishment and won and so shall George Demos."

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